

EXHIBIT JJ



As the West Pushes Economic Sanctions Against Tehran, Russian Billionaire Dials Up Iran Telecom Play

Saturday, June 30, 2007

By Richard Behar

FOX NEWS

NEW YORK —

How hard is it to pressure Iran into halting its program to obtain nuclear weapons? Consider the case of Mikhail Fridman.

Fridman, 43, is a secretive Russian billionaire who is spreading his corporate reach into Western Europe, the U.S. — and beyond. He also is a key figure in Russia's dangerous policy of selling nuclear technology to the Islamic Republic of Iran.

And now, it seems, he has been quietly trying to buy up a major stake in Iran's telecommunications industry — ignoring strenuous U.S. efforts to use financial pressure on Iran's economy and force its radical Islamist government to stop its effort to gain nuclear weapons.

Along the way, Fridman has added a star-studded cast of former British and American government officials to his corporate payroll, in advisory capacities. And, he is seeking to expand still further, using loans from Western banks and maybe even from ordinary shareholders, as he flirts with the notion of selling public shares on London's stock exchange.

Fridman is the Russian oligarch behind Alfa Group — a private, oil-banking-telecom conglomerate that includes Russia's largest private bank, Alfa Bank. He is considered one of the half-dozen richest men in Russia, and his business empire, which is waging brutal corporate battles from Moscow to Indonesia, New York and Scandinavia, has been called by the London Sunday Times "one of the most controversial business empires on the planet."


Increasingly, that controversy includes Alfa's relations with Iran.

Ties between Russia and Iran lie at the center of the crisis surrounding Iran's secretive nuclear program, which includes a massive effort at uranium enrichment, a critical source of nuclear explosives. That crisis is sure to be discussed by President George W. Bush and Russian President Vladimir Putin in their two-day Kennedypunkport meeting over the weekend.

Iran has been sanctioned twice by the United Nations Security Council for failing to halt its enrichment programs, but those sanctions have had little or no effect — and a major reason is Russia.


http://www.foxnews.com/printer_friendly_story/0,3566,287439,00.html

ADVERTISEMENT



Get mobile broadband speed internet access with the FREE AT&T LaptopConnect Card*

On the network with coverage in more places worldwide than anyone else.



10/5/2007

FOXNews.com - As the West Pushes Economic Sanctions Against Tehran, Russian Billionaire Dials Up Iran Telecom Play - International... Page 2 of 4

In addition to selling Iran a \$1 billion nuclear plant that is now under construction in the province of Bushehr, Russia has become a major supplier of conventional arms and aircraft to Iran. And, since December, Russia has succeeded in watering down both sets of U.N. sanctions against Tehran – with American and British officials now back at their drawing boards drafting a third.

"We should find solutions that would not violate Iran's right to use modern technologies," Russia's President Vladimir Putin said a month ago.

Some of those technologies have been aided by Alfa's banking arm, which serves as the primary financial agent for the nuclear power project. A year ago, Alfa made a huge loan – on "privileged terms," according to Ukraine's government – to finance a state-owned Ukrainian company's ability to build and sell aircraft to countries that include Iran.

And those financial ties apparently extend further than Alfa wants the world to know.

FOX News has obtained documents that lay out a secret effort, codenamed "1979 Project", over the past nine months by Altimo, the \$20 billion telecom arm of Alfa Group, to purchase a controlling share in an Iranian mobile phone company called Iraphone.

The documents show a concerted effort on the part of both buyers and sellers to keep the deal a secret, at the same time the conglomerate is trying to expand its markets — and its respectability — in the West. The paper trail shows that the transaction was being funneled through a shell company called Amigo — an entity owned by Sky Mobile of Kyrgyzstan, which was itself purchased by Altimo last June.

Neither U.S. nor U.N. sanctions prevent foreign companies from trading with the mullahs in most industries. But Alfa's secretive and convoluted mobile-phone deal sheds light on Russian business practices that are increasingly dangerous in a world gripped by Islamic terrorism.

"We cannot overstate how cautious banks have to be when doing business with Iran — directly or indirectly," says Treasury Department spokesperson Molly Millenwise, who declined to comment on Alfa. "Iran is notoriously opaque in how it operates in the global financial system, subjecting banks to the real possibility of facilitating terrorism or proliferation-related transactions."

So cautious has Altimo been about dealing with Iran that it has never mentioned the subject. Nonetheless, Altimo's bid to purchase Iraphone began last September, and the documents obtained by FOX News show that Altimo was on the verge of closing the Iraphone deal in May — paying just \$11 million for 49 percent of Iraphone (with 51 percent held by local Iranians, as the country's rules require).

But that is just the beginning of Altimo's Iranian expansion plan. There also are promises by Altimo in the documents to spend as much as \$300 million to develop Iran's fledgling cellular-phone industry.

And finally, there is evidence of a political dimension: hints of an effort to "dilute" the minority shares of a former Iranian president, Ali Akbar Hashemi Rafsanjani, who apparently owned stock in Iraphone — and drive him from the company. Such a move could help strengthen the hand of Iran's radical president Mahmoud Ahmadinejad, who has threatened to wipe Israel "off the map."

There also are indications that the takeover effort brings Altimo close to the edge of U.S. sanctions against Iran. The documents include copies of email exchanges as recently as April between Iraphone's Iranian founder, Mohammad Mohammadi, and a top Altimo executive named Andrei Zemitsky that discuss obtaining a loan from Iran's state-owned Bank Saderat.

Last September, the U.S. Treasury — citing Bank Saderat's extensive banking ties with Hezbollah and other terror groups — banned it from any direct or indirect access to the U.S. financial system.

Non-American financial institutions that deal with Bank Saderat, and also do banking business in the U.S., run the risk of violating the Treasury order — but only if the transactions are directly and clearly linked.

http://www.foxnews.com/printer_friendly_story/0,3566,287439,00.html

10/5/2007

FOXNews.com - As the West Pushes Economic Sanctions Against Tehran, Russian Billionaire Dials Up Iran Telecom Play - International... Page 3 of 4

Queried by FOX News about the venture, Irophone's Mohammedi didn't respond. An Altimo spokesman in London at first maintained that the Alfa telecom arm had no interests or dealings in Iran. But when told that FOX News had evidence about Altimo's Irophone deal, he sent an email two hours later stating that "they [Altimo] don't wish to make any comment on this." Reached by telephone, Altimo's top executive in Kyrgyzstan, also declined to discuss it.

Whether the Irophone deal closed on schedule last month as planned, or whether Altimo spun it off in another convoluted transaction, is uncertain. A minority partner in Irophone, Shahrokh Zarkeshan, tells FOX News that Altimo "is not active anymore" — having sold its stake back to Mohammedi — the same Iranian businessman who sold Irophone to Altimo in the first place.

"[the venture] continues, but without them [Altimo]," Zarkeshan said. Asked what happened to Altimo, he laughed nervously and said "Wow — it's a very complicated question," but declined to elaborate.

But sources with knowledge of Altimo tell FOX News that the Russian telecom secretly maintains its big stake and is now ordering equipment and enlisting founder Mohammedi to lobby Iran's telecom ministry on its behalf. So why no public announcement?

"One day when the Americans and Iranians make peace, they [Altimo] will then suddenly seemingly buy into Iran — when in fact they did it years before," speculates one insider.

That day of peace is clearly not on the horizon. But even as Altimo secretly moved to purchase its stake in Irophone, it was moving to bolster its image in the West by taking on board some stellar U.S. and British advisors.

Just days after making its first Iran move last September, in fact, Altimo announced it had formed an advisory board of prominent former government officials "to support its new global image and strategy," guide it on future purchases, and "help establish new contacts at a high level" in the west.

The board includes Britain's former foreign secretary, Lord Douglas Hurd; Britain's former ambassador to Russia, Sir Roderic Lyne; and, Peter S. Watson, who served on the National Security Council in the first Bush White House, and then chaired the U.S. International Trade Commission during the Clinton presidency.

In 2001, Watson was appointed by President George W. Bush to head up the Overseas Private Investment Corporation. A year later, he inked a multi-million dollar investment fund with Alfa Group that was described as the first such deal between a U.S. government organization and a private company in Russia.

There is no evidence that Altimo's advisory board — which meets three or four times a year in London — knows anything about the Iran venture. Watson didn't respond to repeated requests by FOX News for an interview.

With more than half its revenues now coming from outside Russia, Altimo in March also opened a "joint" headquarters in London to go with its base in Moscow. The company's website says the London headquarters is "an expression of our commitment to the internationalism and best practice approach with which we are building our business."

Altimo also is exploring a public launch on London's stock exchange, because — as its CEO told a London newspaper recently — "New York has become really difficult because of the need to conform to all these regulations." Barring such a London float, Altimo is seeking to fold its assets into a major western telecom operator.

So far, there are no takers.

In the U.S., Altimo has the largest single stake in a publicly-traded mobile-phone company on NASDAQ, called Golden Telecom. (Altimo's shares in the company are owned by a Cyprus shell.) And Altimo now has a controlling stake in VimpelCom, the first Russian company listed on the NYSE.

Atop all that, Alfa and Altimo have been developing deep relations with a number of European banks that have differing policies toward Iran. One major Swiss bank, Credit Suisse, announced in January that it was not accepting new business in Iran, effective immediately. But last month, Altimo announced it had secured a \$750 million loan from Credit Suisse in

FOXNews.com - As the West Pushes Economic Sanctions Against Tehran, Russian Billionaire Dials Up Iran Telecom Play - International... Page 4 of 4

a refinancing deal that included about \$100 million in new money for Altimo to fund acquisitions.

Germany's Deutsche Bank is Altimo's top lender. In March, Altimo announced it had raised \$1.5 billion in a bond-issuance deal organized by Deutsche Bank. The proceeds, said Altimo at the time, would finance its expansion in Europe and Asia. A spokesman for Deutsche tells FOX News that \$350 million of those bank funds were for "refinancing Altimo's own debt" — with "the rest" going to buy more shares in VimpelCom.

One internal document obtained by FOX News, however, suggested that "part" of the Deutsche Bank proceeds could be used on the Iran project.

Money — after all — is fungible. That is what makes any efforts for a total blockade of Iran's economy so difficult to achieve. And also what makes Altimo's secretive maneuvering in Iran so intriguing.

SEARCH

GO

[Click here for FOX News RSS Feeds](#)

[Advertise on FOX News Channel, FOXNews.com and FOX News Radio](#)

[Jobs at FOX News Channel.](#)

[Internships At Fox News \(Summer Application Deadline is March 15, 2007\)](#)

[Terms of Use, Privacy Statement, For FOXNews.com comments write to foxnewsonline@foxnews.com. For FOX News Channel comments write to comments@foxnews.com](#)

[© Associated Press. All rights reserved.](#)

[This material may not be published, broadcast, rewritten, or redistributed.](#)

[Copyright 2007 FOX News Network, LLC. All rights reserved.](#)

[All market data delayed 20 minutes.](#)